



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

THE DEVELOPMENT OF THE BUDGET IN ILLINOIS¹

OMAR H. WRIGHT

Director of Finance of Illinois

THE first concerted action taken in furtherance of the establishment of a budget for Illinois is evidenced by the enactment of a law by the general assembly at its regular session in 1913, the measure taking effect on July 1 of that year. This act created a joint Legislative Reference Bureau to be composed of the governor, and the chairmen of the Committees on Appropriations and Judiciary of the senate and the house of representatives.

Quoting from this law, one of the duties of the bureau was To cause to be prepared, printed and distributed for the use of the members of the General Assembly, a detailed budget of the appropriations which the officers of the several departments of the State government report to it are required for their several departments for the biennium for which appropriations are to be made by the next General Assembly, together with a comparative statement of the sums appropriated by the preceding General Assembly for the same purposes.

Under this section, the Legislative Reference Bureau did prepare and publish such a so-called budget, or rather books of estimates, which proved unsatisfactory on account of the lack of executive control, a multiplicity of detail, and the failure to provide the proper authority for amendment or revision.

Subsequently, the fiftieth general assembly enacted a law known as the Civil Administrative Code, effective July 1, 1917, the department of finance being one of the nine new departments created by this law. This department is charged with the responsibility of preparing for presentation to the governor, for him to submit to the general assembly, the first state budget. This is one of the department's most important functions.

It is doubtful if any one subject in state government has received more attention during the past ten years than the question of directing the expenditures of public moneys through the medium of an intelligent budgetary program. So far, little real

¹ Read at the National Conference on War Economy, June 6, 1918.

accomplishment has been registered. Expenditures for public purposes of cities, counties and states have increased approximately 100 per cent in the past decade. Various and intricate methods of indirect taxation have been developed in order to meet this increased outgo. In the final analysis, however, the individual pays the bill, and the larger part of the increase has been raised by the levying of additional direct taxes.

The situation in Illinois has, perhaps, been no worse than that of other states. It is doubtful if it has been better. During the past few years, states generally have made a more definite effort to locate and solve some of these known problems. This effort has resulted in the appointment of many economy and efficiency commissions. Such a commission was appointed in Illinois and made an excellent report to the general assembly on December 1, 1914. Practically all of these commissions have recommended in their reports the adoption of a budget program sufficiently comprehensive to cover both the raising of sufficient revenue and its proper expenditure.

The method developed in Illinois to make revenues equal expenditures has been to fix a state tax levy after the adjournment of the general assembly, sufficient to meet the amounts appropriated, taking into consideration the income from indirect taxation. By the rate so fixed, the extravagance or economy of the administration has been, to some extent, judged.

Among the constitutional provisions bearing on this subject are the following:

1. The supreme executive power shall be vested in the Governor
2. The Governor shall, at the commencement of each session,, present estimates of the amount of money required to be raised by taxation for all purposes.
3. No money shall be drawn from the Treasury except in pursuance of an appropriation made by law.
4. Every bill passed by the General Assembly shall, before it becomes a law, be presented to the Governor.
5. Bills making appropriations of moneys out of the Treasury shall specify the objects and purposes for which the same are made, and appropriate to them respectively their several amounts in distinct items and sections, and if the Governor shall not approve any one or more of the items or sections contained in any bill, but shall approve the residue thereof, it shall become a law as to the residue, in like manner as if he had signed it.
6. All appropriations, general or special, requiring money to be paid out of the State Treasury from funds belonging to the State, shall end with the first fiscal quarter after the adjournment of the next regular session.

The Civil Administrative Code prescribes the duties of the director of finance in connection with the state budget as follows:

Section 37. In the preparation of a State budget, the director of finance shall, not later than the fifteenth day of September in the year preceding the convening of the General Assembly, distribute to all departments and to all offices and institutions of the State government (including the elective officers in the executive department and including the University of Illinois and the judicial department) the proper blanks necessary to the preparation of budget estimates, which blanks shall be in such form as shall be prescribed by the director of finance, to procure, among other things, information as to the revenues and expenditures for the two preceding fiscal years, the appropriations made by the previous General Assembly, the expenditures therefrom, the encumbrances thereon, and the amounts unencumbered and unexpended, an estimate of the revenues and expenditures of the current fiscal year, and an estimate of the revenues and amounts needed for the respective departments and offices for the two years next succeeding beginning at the expiration of the first fiscal quarter after the adjournment of the General Assembly. Each department, office and institution (including the elective officers in the executive and judicial departments and including the University of Illinois) shall, not later than the first day of November, file in the office of the director of finance its estimates of receipts and expenditures for the succeeding biennium. Such estimates shall be accompanied by a statement in writing giving facts and explanation of reasons for each item of expenditure requested. The director of finance may, in his discretion, make further inquiries and investigations as to any item desired. He may approve, disapprove or alter the estimates. He shall, on or before the first day of January preceding the convening of the General Assembly, submit to the Governor in writing his estimates of revenues and appropriations for the next succeeding biennium.

Section 38. The Governor shall as soon as possible and not later than four weeks after the organization of the General Assembly submit a State budget, embracing therein the amounts recommended by him to be appropriated to the respective departments, offices and institutions, and for all other public purposes, the estimated revenues from taxation, the estimated revenues from sources other than taxation, and an estimate of the amount required to be raised by taxation. Together with such budget, the Governor shall transmit the estimates of receipts and expenditures, as received by the director of finance, of the elective officers in the executive and judicial departments and of the University of Illinois.

The department of finance, by reason of its authority to audit vouchers, examine accounts and require reports, will be advised as to the character and amount of the expenditures made by the several departments during the present biennium. It is compiling tabulations and a detailed analysis of such expenditures, during the year ending June 30, 1918, for use in checking up and com-

paring the requests for future appropriations, which will be made by the various activities in the state. However, irrespective of how complete may be the record of past expenditures, or how certain are the present needs, existing war conditions make intelligent budget-making difficult. Retrenchment and economy may curtail outgo in some avenues of state expenditure, but with over 27,000 insane, feeble-minded and incarcerated people in Illinois, all to be humanely cared for, retrenchment can go only so far. At the same time, because of the present abnormal business situation, the importance of careful budgetary procedure is greatly enhanced.

The appropriations made in Illinois by the last general assembly for the biennium beginning July 1, 1917, total approximately \$50,650,000, as follows:

Charitable and penal institutions.....	\$15,325,000
University of Illinois and state normal schools	6,706,000
State school fund.....	8,114,000
Judiciary	1,593,000
Legislative	1,005,000
Defensive	2,501,000
Highway building and maintenance.....	2,526,000
General administrative	12,880,000

Of the total amount appropriated, approximately 30 per cent is for salaries and wages. Our salary and wage problem in Illinois, as well as in the country generally, calls for serious consideration and study. The department of finance plans to submit to the governor, as part of its budgetary program, a recommendation for a classification and standardization of present salary schedules. The widely existing lack of uniformity in the amount of salary paid for the same class of work has caused endless annoyance and has often crippled efficiency in the different departments. As an example, salaries paid accountants range from \$1,500 to \$6,000 per annum. The same wide variation exists throughout the different activities in the state.

The value of state-owned buildings in Illinois is approximately \$25,000,000. Erection of these buildings began in 1845 and has continued intermittently since that time without any regularly ordered building program. Appropriations, covering building needs, have of necessity been made in a more or less haphazard manner. The department of finance, as part of its budget pro-

gram, is now engaged in a detailed survey of all the buildings at state institutions. Reports to be submitted will show date of erection, size, number of stories, kind of material, present condition, and a detailed statement of repair needs. In no other way can building appropriation requests be intelligently determined upon.

Heretofore, the initiative in appropriations has been largely with the legislature. Without the necessary knowledge as to existing conditions and the needs of the various expending agencies, no well ordered method of procedure has been possible. Large lump-sum appropriations have been made in some instances, while the most minute detail has been followed in others. Appropriation bills have frequently been held up until the closing days of the legislature, and then rushed through with little or no opportunity for careful consideration.

The present budget law in Illinois provides for the submission of the executive budget to the legislature soon after it convenes. No reference is made as to procedure. The budget can be referred to regular committees or considered by the legislative bodies sitting as a committee of the whole. The general assembly has the power to revise, amend, decrease, increase or disregard the governor's recommendations entirely, subject, however, to the governor's veto. While the possibility exists for adverse action by the legislature, it is doubtful if it would care to assume the full necessary responsibility under all the circumstances.

It is the intention to develop the Illinois budget into a comprehensive financial program, including the maintaining of accounts, analyzing of expenditures, all leading up to a well founded statement of appropriation needs, together with a study of the sources of revenue necessary to meet such requirements. Under the Civil Administrative Code, a distinct advance has been made in the centralization of authority and responsibility, and to this extent, the practical working out of budget procedure is made possible.